

May 23, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,195		1,162	
Sales (Rs. m)	28,599	33,336	29,140	34,176
% Chng.	(1.9)	(2.5)		
EBITDA (Rs. m)	8,560	9,951	8,346	9,637
% Chng.	2.6	3.3		
EPS (Rs.)	14.7	16.9	14.8	17.5
% Chng.	(0.7)	(3.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	23,567	25,073	28,599	33,336
EBITDA (Rs. m)	6,996	7,599	8,560	9,951
Margin (%)	29.7	30.3	29.9	29.9
PAT (Rs. m)	4,126	3,533	4,007	4,588
EPS (Rs.)	15.2	13.0	14.7	16.9
Gr. (%)	13.4	(14.5)	13.4	14.5
DPS (Rs.)	4.2	19.7	6.5	7.5
Yield (%)	0.4	1.6	0.5	0.6
RoE (%)	24.2	19.8	22.2	22.6
RoCE (%)	27.6	28.1	31.2	31.9
EV/Sales (x)	13.6	12.9	11.2	9.5
EV/EBITDA (x)	45.8	42.5	37.3	31.8
PE (x)	79.8	93.3	82.3	71.8
P/BV (x)	17.7	19.3	17.3	15.3

Key Data METB.BO | METROBRA IN

52-W High / Low	Rs.1,412 / Rs.890
Sensex / Nifty	81,721 / 24,853
Market Cap	Rs.330bn/ \$ 3,868m
Shares Outstanding	272m
3M Avg. Daily Value	Rs.82.59m

Shareholding Pattern (%)

Promoter's	71.88
Foreign	3.46
Domestic Institution	7.36
Public & Others	17.31
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	9.9	7.0	9.0
Relative	7.8	3.6	0.6

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Hasti Savla

hastisavla@plindia.com | 91-22-66322531

Demand outlook improves, valuations limit upside

Quick Pointers:

- 4Q saw an uptick in demand, 1H26 is likely to sustain momentum on low base
- FY26 to see ~80+ net store addition with 40% stores in new cities

We cut FY26/FY27 EPS estimates by 0.7/3.5%, factoring in lower other income due to Rs4bn one time dividend paid in 3Q25. Operating parameters are showing an improvement led by 1) better demand conditions, supported by a higher number of wedding days in 1H26. 2) Stable store-level economics, aided by expansion into Tier-2 and Tier-3 cities. 3) BIS-related issues are expected to fully normalize over the next 9–12 months and 4) peaked out losses in FILA and expected scale up in Foot Locker and FILA from 2H26.

Metro Brands Ltd (MBL)'s growth plans remain on track led by 1) Entry into newer cities with 208 stores over next 2 years. 2) A healthy online/omni-channel contribution of ~11% to total sales (23% sales growth) 3) 400bps increase in the share of products priced above ₹3,000 to ~54% of total sales. While MBL will focus on scaling up brands like FitFlop, New Era, major delta is likely to emerge from success of FILA and Footlocker. We estimate 14% EPS CAGR over FY25-FY27, which gives us DCF based target price of Rs1195 (Rs1162 earlier). The stock currently trades at 71.8x FY27 EPS which limits near term upside in the stock. We retain HOLD and expect back ended returns.

Consol Revenues Consol Revenues grew by 10.3% YoY to Rs6.4bn. Gross margins expanded by 107bps YoY to 57.5%. EBITDA grew by 24.3% YoY to Rs1.97bn (PLe:Rs1.7bn). Margins expanded by 347bps YoY to 30.7%. (PLe:27%). Adj PAT declined by -38.9% YoY to Rs948mn (PLe: 767mn). Sales/ft came at Rs4750 v/s Rs4800/5150 in Q4FY24/Q3FY25. Volumes remained flat YoY, while sales/store were up 2.1% YoY. FY25 loss in FILS declined by 50% from FY24 levels of Rs580mn.

Concall highlights: 1) MBL witnessed strong demand momentum in Q3, which continued into Q4, driven by a higher number of wedding days. 3) MBL plans to open 80+ new stores in FY26. FILA is expected to see store additions in 2H 4) Currently, FILA, Foot Locker, and New Era are expected to grow at a significantly higher rate than the company's average. 6) E-commerce growth has outpaced regular growth. The company will now focus on profitability while exploring opportunities in quick commerce. 7) Metro will continue to allocate 3–4% of its revenue towards advertising spends to create awareness around new launches. 8) EBITDA margins have improved due to better cost control, a reduction in losses from the FILA segment, and a restructuring of FILA's royalty agreement with FILA Global to align royalty expenses with the expected revenue growth over the next 2–3 years. 9) Due to supply chain concerns following BIS implementation, Metro remains cautious about store expansion. However, the company has visibility to open 3 new Foot Locker stores before the festive season in Q3 FY26. 9) In response to BIS-related concerns, Metro has started local manufacturing of FILA footwear in India and remains on track to open new FILA EBOs 2HFY26. 11) Management remains confident in achieving a 15% CAGR in revenue over the long term, with EBITDA margins expected to remain in the 30–33% range. 12) ASP to grow in the range of 3–4% in medium to long term, with footwear ASP at Rs2400

Exhibit 1: Consol revenue up by 10.3% YoY, margins up by 347bps YoY

Y/e March (Rs mn)	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	FY25	FY24	YoY gr. (%)
Net Sales	6,428	5,830	10.3	6,384	0.7	7,031	25,074	23,567	6.4
Gross Profit	3,694	3,288	12.3	3,671	0.6	4,123	14,465	13,692	5.6
% of NS	57.5	56.4	106.6	57.5	(0.0)	58.6	57.7	58.1	(0.4)
Other Expenses	1,722	1,702	1.2	1,946	(11.6)	1,873	6,891	6,696	2.9
% of NS	26.8	29.2	(240.5)	30.5	(3.7)	26.6	27.5	28.4	(0.9)
EBITDA	1,972	1,586	24.3	1,725	14.4	2,250	7,574	6,996	8.3
Margins %	30.7	27.2	347.1	27.0	3.7	32.0	30.2	29.7	52.4
Depreciation	701	591	18.7	679	3.3	655	2,580	2,291	12.6
Interest	244	203	20.1	244	(0.2)	235	905	789	14.7
Other Income	231	244	(5.3)	234	(1.7)	232	930	708	31.3
PBT	1,258	1,036	21.4	1,036	21.4	1,593	5,019	4,624	8.6
Tax	309	(508)	(160.8)	269	14.6	649	1,491	499	198.6
Tax rate %	24.5	(49.0)	73.6	26.0	(1.5)	40.7	29.7	10.8	18.9
Share of JV/Associates	4	12	(63.6)			7	18	30	(39.4)
Non-controlling Interest	6	4	47.5	(0)		5	39	30	30.1
Adjusted PAT	948	1,552	(38.9)	767	23.6	946	3,508	4,125	(15.0)

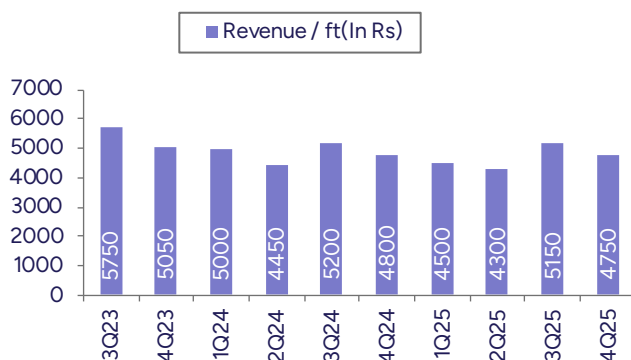
Source: Company, PL

Exhibit 2: >3000 share Flat QoQ

Product Pricing wise Sales Mix (Rs)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
>3,000	44%	44%	49%	48%	49%	50%	54%	53%	54%	54%
1,501-3,000	42%	42%	39%	38%	38%	37%	35%	34%	34%	34%
501-1,500	10%	10%	8%	10%	9%	9%	6%	8%	8%	8%
<500	4%	4%	4%	4%	4%	4%	5%	5%	4%	4%
Own Brands Contribution										
Own Brands	74%	74%	70%	70%	72%	73%	73%	72%	72%	74%
Third Party	26%	26%	30%	30%	28%	27%	27%	28%	28%	26%

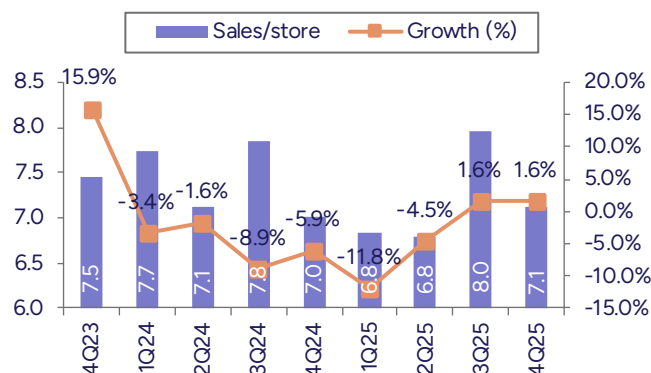
Source: Company, PL

Exhibit 3: Revenue/sq.ft declines 0.5% YoY



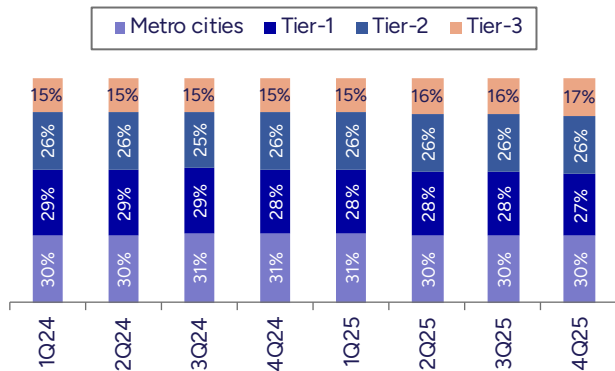
Source: Company, PL

Exhibit 4: Sales/store up 1.6% YoY



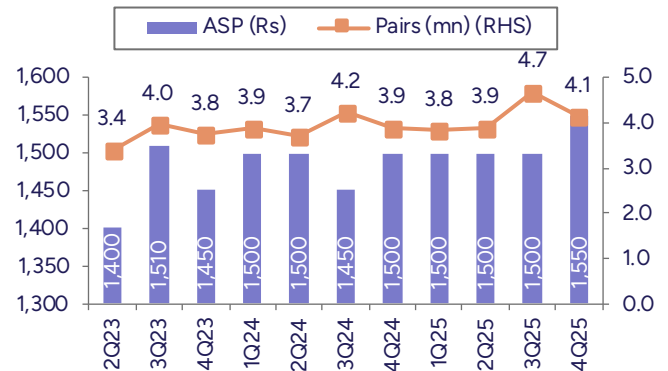
Source: Company, PL

Exhibit 5: Salience of metro cities stable at 30-31%



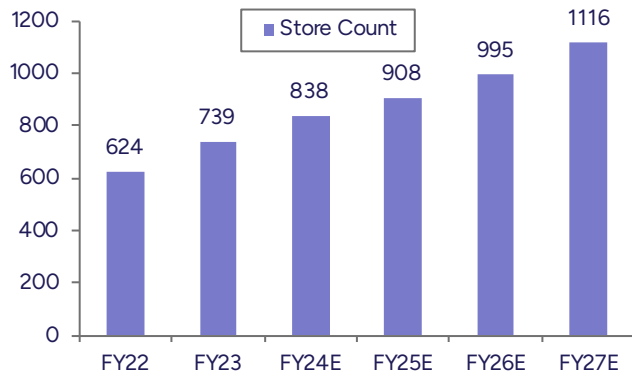
Source: Company, PL

Exhibit 6: ASP at Rs1550 with 4.1mn pairs sold in 4Q25



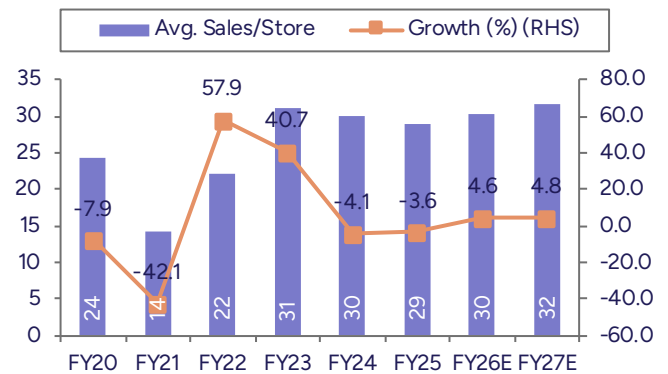
Source: Company, PL

Exhibit 7: ~208 stores to be added till FY27



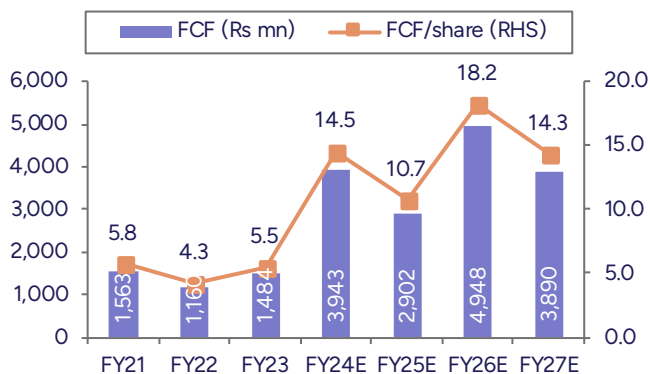
Source: Company, PL

Exhibit 8: Sales/store to increase by ~10% over FY25-27



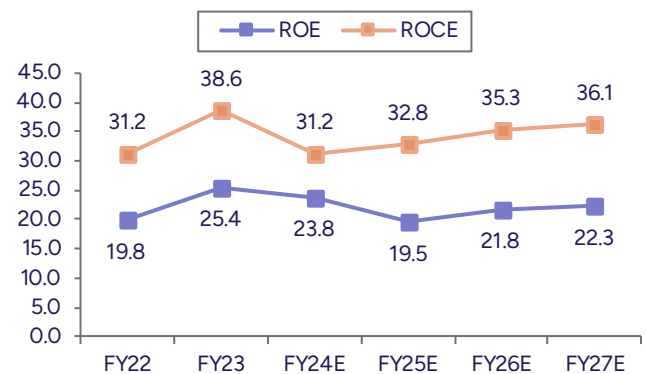
Source: Company, PL

Exhibit 9: FCF shows healthy growth over long term



Source: Company, PL

Exhibit 10: ROE & ROCE to stabilize at healthy levels



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	23,567	25,073	28,599	33,336
YoY gr. (%)	10.8	6.4	14.1	16.6
Cost of Goods Sold	9,875	10,609	12,097	14,034
Gross Profit	13,692	14,465	16,502	19,302
Margin (%)	58.1	57.7	57.7	57.9
Employee Cost	2,280	2,427	2,862	3,420
Other Expenses	4,417	4,439	5,079	5,931
EBITDA	6,996	7,599	8,560	9,951
YoY gr. (%)	3.0	8.6	12.6	16.2
Margin (%)	29.7	30.3	29.9	29.9
Depreciation and Amortization	2,291	2,580	2,922	3,450
EBIT	4,705	5,019	5,638	6,500
Margin (%)	20.0	20.0	19.7	19.5
Net Interest	789	925	1,070	1,258
Other Income	708	930	845	957
Profit Before Tax	4,624	5,024	5,413	6,199
Margin (%)	19.6	20.0	18.9	18.6
Total Tax	499	1,491	1,407	1,612
Effective tax rate (%)	10.8	29.7	26.0	26.0
Profit after tax	4,125	3,533	4,006	4,587
Minority interest	30	33	36	39
Share Profit from Associate	30	33	37	40
Adjusted PAT	4,126	3,533	4,007	4,588
YoY gr. (%)	13.5	(14.4)	13.4	14.5
Margin (%)	17.5	14.1	14.0	13.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,126	3,533	4,007	4,588
YoY gr. (%)	14.8	(14.4)	13.4	14.5
Margin (%)	17.5	14.1	14.0	13.8
Other Comprehensive Income	12	-	-	-
Total Comprehensive Income	4,138	3,533	4,007	4,588
Equity Shares O/s (m)	272	272	272	272
EPS (Rs)	15.2	13.0	14.7	16.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	6,761	7,631	8,472	9,608
Tangibles	5,331	6,109	6,919	8,024
Intangibles	1,429	1,522	1,553	1,584
Acc: Dep / Amortization	2,050	2,699	3,433	4,286
Tangibles	1,829	2,402	3,059	3,832
Intangibles	221	297	374	454
Net fixed assets	4,711	4,932	5,039	5,322
Tangibles	3,502	3,707	3,861	4,192
Intangibles	1,209	1,226	1,178	1,130
Capital Work In Progress	93	94	193	216
Goodwill	409	409	409	409
Non-Current Investments	1,268	1,138	1,297	1,470
Net Deferred tax assets	359	340	340	340
Other Non-Current Assets	9,766	10,748	11,364	12,497
Current Assets				
Investments	7,994	5,356	8,866	11,001
Inventories	7,102	6,369	7,730	9,010
Trade receivables	757	912	1,175	1,370
Cash & Bank Balance	479	948	1,347	1,743
Other Current Assets	432	293	524	611
Total Assets	33,526	33,345	38,649	44,537
Equity				
Equity Share Capital	1,360	1,361	1,361	1,361
Other Equity	17,279	15,730	17,692	20,244
Total Network	18,638	17,091	19,053	21,605
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	7	8	14	21
Other non current liabilities	9,526	10,545	12,539	14,739
Current Liabilities				
ST Debt / Current of LT Debt	-	-	16	17
Trade payables	2,570	2,258	3,203	3,614
Other current liabilities	2,488	3,154	3,428	4,020
Total Equity & Liabilities	33,526	33,345	38,649	44,537

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,624	5,024	5,413	6,199
Add. Depreciation	2,291	2,580	2,922	3,450
Add. Interest	789	925	1,070	1,258
Less Financial Other Income	708	930	845	957
Add. Other	917	873	1,780	1,941
Op. profit before WC changes	8,621	9,402	11,185	12,849
Net Changes-WC	(133)	(581)	909	(616)
Direct tax	(530)	(1,494)	(1,299)	(1,488)
Net cash from Op. activities	7,957	7,327	10,795	10,745
Capital expenditures	(4,038)	(3,792)	(3,791)	(4,920)
Interest / Dividend Income	-	-	-	-
Others	(2,020)	2,944	(3,508)	(2,135)
Net Cash from Inv. activities	(6,058)	(848)	(7,299)	(7,055)
Issue of share cap. / premium	189	282	(279)	1
Debt changes	(15)	-	16	1
Dividend paid	(1,154)	(5,362)	(1,765)	(2,036)
Interest paid	(789)	(925)	(1,070)	(1,258)
Others	30	(5)	-	-
Net cash from Fin. activities	(1,739)	(6,010)	(3,098)	(3,293)
Net change in cash	161	469	398	397
Free Cash Flow	3,920	3,535	7,004	5,825

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	15.2	13.0	14.7	16.9
CEPS	23.6	22.5	25.5	29.5
BVPS	68.5	62.8	70.0	79.4
FCF	14.4	13.0	25.7	21.4
DPS	4.2	19.7	6.5	7.5
Return Ratio(%)				
RoCE	27.6	28.1	31.2	31.9
ROIC	18.8	18.6	19.8	20.4
RoE	24.2	19.8	22.2	22.6
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.4)	(0.5)	(0.6)
Net Working Capital (Days)	82	73	73	74
Valuation(x)				
PER	79.8	93.3	82.3	71.8
P/B	17.7	19.3	17.3	15.3
P/CEPS	51.3	53.9	47.6	41.0
EV/EBITDA	45.8	42.5	37.3	31.8
EV/Sales	13.6	12.9	11.2	9.5
Dividend Yield (%)	0.4	1.6	0.5	0.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	5,761	5,855	7,031	6,428
YoY gr. (%)	(1.1)	5.4	10.6	10.3
Raw Material Expenses	2,334	2,633	2,908	2,734
Gross Profit	3,427	3,222	4,123	3,694
Margin (%)	59.5	55.0	58.6	57.5
EBITDA	1,804	1,548	2,250	1,972
YoY gr. (%)	(3.3)	(0.4)	13.1	24.3
Margin (%)	31.3	26.4	32.0	30.7
Depreciation / Depletion	600	624	655	701
EBIT	1,204	924	1,595	1,271
Margin (%)	20.9	15.8	22.7	19.8
Net Interest	208	218	235	244
Other Income	234	234	232	231
Profit before Tax	1,230	939	1,593	1,258
Margin (%)	21.3	16.0	22.7	19.6
Total Tax	309	225	649	309
Effective tax rate (%)	25.1	23.9	40.7	24.5
Profit after Tax	921	715	944	949
Minority interest	5	22	5	6
Share Profit from Associates	2	5	7	4
Adjusted PAT	917	698	946	947
YoY gr. (%)	(1.2)	4.6	(3.3)	(38.9)
Margin (%)	15.9	11.9	13.5	14.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	917	698	946	947
YoY gr. (%)	(1.2)	4.6	(3.3)	(38.9)
Margin (%)	15.9	11.9	13.5	14.7
Other Comprehensive Income	-	(2)	(1)	-
Total Comprehensive Income	917	696	945	947
Avg. Shares O/s (m)	136	136	136	136
EPS (Rs)	3.4	2.6	3.5	3.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Hold	1,162	1,046
2	17-Jan-25	Hold	1,177	1,199
3	08-Jan-25	Hold	1,208	1,251
4	24-Oct-24	Hold	1,208	1,165
5	07-Oct-24	Hold	1,268	1,255
6	26-Sep-24	Hold	1,268	1,253
7	12-Aug-24	UR	-	1,311
8	09-Jul-24	Hold	1,190	1,218

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,142	2,303
2	Avenue Supermarts	Hold	3,975	4,059
3	Britannia Industries	BUY	5,941	5,613
4	Colgate Palmolive	Hold	2,654	2,487
5	Dabur India	Hold	501	482
6	Emami	Accumulate	697	636
7	Hindustan Unilever	Accumulate	2,601	2,325
8	ITC	BUY	538	426
9	Jubilant FoodWorks	Hold	689	693
10	Kansai Nerolac Paints	Accumulate	284	255
11	Marico	Accumulate	718	699
12	Metro Brands	Hold	1,162	1,046
13	Mold-tekk Packaging	Accumulate	636	565
14	Nestle India	Accumulate	2,559	2,433
15	Pidilite Industries	BUY	3,428	2,980
16	Restaurant Brands Asia	Accumulate	89	82
17	Titan Company	BUY	3,752	3,369
18	Westlife Foodworld	Hold	738	700

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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